

EXPLANATORY MEMORANDUM TO
The Rates (Coronavirus) (Emergency Relief) Regulations (Northern Ireland)
2020

S.R. 2020 No. 92

1. Introduction

- 1.1. This Explanatory Memorandum has been prepared by the 92Department of Finance ("the Department") to accompany the Statutory Rule (details above) which is laid before the Northern Ireland Assembly.
- 1.2. The Statutory Rule is made under Article 31C of the Rates (Northern Ireland) Order 1977 and is subject to the negative resolution procedure.

2. Purpose

- 2.1. The purpose of this Statutory Rule is, to make provision to provide emergency rate relief in order to help non-domestic ratepayers in relation to the financial impacts arising from the serious and imminent threat to public health from the virus known as Coronavirus or "Severe acute respiratory syndrome coronavirus 2", causing the disease known as "COVID-19".
- 2.2. Regulation 1 contains the citation and commencement provisions.
- 2.3. Regulation 2 contains the interpretation provisions.
- 2.4. Regulation 3 removes rates liability that arises for specified hereditaments between 1st April 2020 and 31st July 2020.
- 2.5. Regulation 4 allows for the removal of liability under regulation 3 to apply to the NAV element of a mixed hereditament that appears on the non-domestic valuation list.
- 2.6. Regulation 5 provides that where rates are payable by the owner rather than the occupier of a business hereditament, the reduction of rates is conditional on the owner applying the amount of the reduction for the benefit of the occupier.
- 2.7. Regulation 6 makes provision to ensure that the relief provided under these Regulations is applied after the rate relief provided under the Rates (Small Business Hereditament Relief) Regulations (Northern Ireland) 2010 (S.R. 2010 No. 4) as amended.
- 2.8. The Schedule to the Regulations provides for what will constitute an excepted hereditament for the purposes of the Regulations.

3. Background

- 3.1. These are emergency Regulations made in tandem with the Executive's wider response to COVID-19.
- 3.2. The provision within these Regulations comes in light of the Finance Minister's statement of 17 March 2020 and his subsequent statement to the Assembly on 19 May 2020 in relation to emergency measures to assist businesses as a result of the COVID-19 outbreak

- 3.3. The emergency rate relief afforded through these Regulations is aimed at effecting an immediate reduction in operating costs, providing essential help with cash flow for businesses.

4. Consultation

- 4.1. Given the urgency of these Regulations, and the Executive's developing response to the pandemic, no consultation has been undertaken. This is in line with other emergency provision that has been put in place as a result of the COVID-19 response from government.

5. Equality Impact

- 5.1. These Regulations provide relief at a universal level to all recipients. Given the urgency of these Regulations, and the fact that they will be applied as core feature of the taxation system, no equality impact assessment has been undertaken.

6. Regulatory Impact

- 6.1. These Regulations provide relief at a universal level to all recipients during the award period. Given the urgency of these Regulations, and the fact that they will be applied as core feature of the taxation system, no equality impact assessment has been undertaken.

7. Financial Implications

- 7.1. The scheme will provide in the region of £134 million rate relief to business ratepayers. The scheme has been designed to to remove liability for the first four months of the 2020/21 rating year, after all other rate support has been applied.

8. Section 24 of the Northern Ireland Act 1998

- 8.1. It is the view of the Department that these Regulations are compatible with section 24 of the Northern Ireland Act 1998.

9. EU Implications

- 9.1. These Regulations serve to build in a temporary time-limited reduction in the scope of the taxation system, effectively removing non-domestic properties from the taxation system altogether for a period of four months, and with the exception of limited excepted classes. These general measures are implemented in accordance with the Executive's response to the COVID-18 pandemic. As such they raise no new State Aid implications and are considered to be no aid.

10. Parity or Replicatory Measure

- 10.1. Both the UK Government and each of the Devolved Administrations are taking steps to put in place support for businesses as a result of the COVID-19 pandemic.
- 10.2. The measures being implemented follow the Chancellor's decision to support businesses affected by COVID-19 which saw the UK Government increasing rate support to 100% for 900,000 businesses for the full 2020-21 rating year.

- 10.3. The measures put in place by this Statutory Rule make provision to support businesses, tailored to the nature of the current business landscape and the Executive's present Budgetary capacity.

11. Additional Information

- 11.1. The Department is committed to evaluating and monitoring the impact of this emergency policy intervention.